

Message Text

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61

ACTION ARA-10

INFO OCT-01 ISO-00 SSO-00 NSCE-00 USIE-00 INRE-00 SP-02

AID-05 EB-07 NSC-05 CIEP-02 TRSE-00 SS-15 STR-04

OMB-01 CEA-01 CIAE-00 COME-00 FRB-01 INR-07 NSAE-00

XMB-04 OPIC-06 LAB-04 SIL-01 L-03 H-02 DODE-00 PA-02

PRS-01 AGR-10 /094 W

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O R 161849Z AUG 75

FM AMEMBASSY TEGUCIGALPA

TO SECSTATE WASHDC NIACT IMMEDIATE 932

INFO AMEMBASSY BOGOTA

AMEMBASSY GUATEMALA

AMEMBASSY MANAGUA

AMEMBASSY PANAMA

AMEMBASSY QUITO

AMEMBASSY SAN JOSE

AMEMBASSY SAN SALVADOR

UNCLAS TEGUCIGALPA 3591

E.O. 11652: N/A

TAGS: EINV, EAGR, HO

SUBJECT: AGR: HONDURAN BANANA POLICY SPEECH - PART TWO, DECREE-LAW 253 (SECOND REPORT OF THREE)

REF TEGUCIGALPA 3001

SUMMARY.

1. DECREE-LAW 253 DEROGATES ALL CONCESSIONS GRANTED TO
TELA RAILROAD COMPANY AND STANDARD FRUIT COMPANY

EFFECTIVE SEPTEMBER 15, 1945. FROM THAT DATE, THE
COMPANIES ARE TO BE TREATED UNDER HONDURAS LAWS
APPLICABLE TO ALL HONDURAN INVESTORS.

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2. THERE FOLLOWS AN INFORMAL TRANSLATION OF DECREE-LAW NO. 253.

3. THE CHIEF OF STATE, IN COUNCIL OF MINISTERS

4. CONSIDERING: THAT IT IS THE DECISION OF THE GOVERNMENT OF THE ARMED FORCES TO PROMOTE A NEW POLICY WHICH PERMITS ACHIEVING THE GOAL OF REAL ECONOMIC, POLITICAL AND SOCIAL INDEPENDENCE BY INCORPORATING THE GREAT POPULAR MAJORITY IN THE PROCESS OF DEVELOPMENT, THE RECUPERATION OF THE BASIC NATURAL RESOURCES WHICH THE NATION HAS, AND THE STIMULATION OF NATIONAL AND FOREIGN INVESTMENT WHICH PROMOTE THE GENERAL INTERESTS OF THE NATION;

5. CONSIDERING: THAT FOR MORE THAN A HALF CENTURY THE CONCESSIONS THAT BENEFIT THE TELA RAILROAD COMPANY AND THE STANDARD FRUIT COMPANY HAVE PERMITTED THEM TO EXPLOIT THE RESOURCES AND NATURAL RESERVES IN CONDITIONS OF NOTORIOUS DISADVANTAGE TO THE NATION AND THAT, IN ADDITION, THEY HAVE BEEN AUTHORIZED ECONOMIC PRIVILEGES THAT ARE NOT JUSTIFIED IN THE PRESENT MOMENT OF HISTORY BECAUSE OF THE SITUATION CONFRONTING THE NATION AND WHICH ARE INCONGRUENT WITH THE POLICY OF ECONOMIC AND SOCIAL TRANSFORMATION THAT THE GOVERNMENT OF THE ARMED FORCES SUPPORTS;

6. CONSIDERING: THAT TO MAINTAIN THAT SITUATION OF PRIVILEGE, THE COMPANIES REFERRED TO HAVE BEEN INVOLVED IN IMMORAL ACTS WITH GRAVE DAMAGE TO NATIONAL INTERESTS, SUCH AS THE BRIBERY CONFESSED BY UNITED BRANDS AND THE BOYCOTT OF NATIONAL PRODUCTION CARRIED OUT BY THE STANDARD FRUIT COMPANY, ACTS WHICH THE PEOPLE HAVE REPUDIATED BECAUSE THEY VIOLATE PUBLIC FAITH AND CONFIDENCE, FOR WHICH REASONS IT IS IMPERATIVE TO ADOPT IMMEDIATE AND CONCRETE COMPENSATORY MEASURES (MEDIAS REIVINDICATORIAS).

7. CONSIDERING: THAT IN SPITE OF THE SITUATION OF PRIVILEGE THAT THE FOREIGN COMPANIES HAVE ENJOYED, WHICH HAS PERMITTED

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THEM RETURNS WHICH COMPENSATED THEM AMPLY FOR THEIR INITIAL INVESTMENT, THEY HAVE INVOLVED THEMSELVES IN VIOLATIONS OF THE RIGHTS ACQUIRED BY SUCH CONCESSIONS WITH GRAVE DAMAGE TO NATIONAL DIGNITY AND SOVEREIGNTY.

8. CONSIDERING: THAT THE CONTRACTS IN QUESTION VIOLATE EXISTING CONSTITUTIONAL PRECEPTS, PARTICULARLY CONCERNING THE EXERCISE OF SOVEREIGNTY OF THE STATE, AS

WELL AS THE EFFECTIVE TERM OF THE CONTRACTS, IN SOME CASES INDEFINITE, AND THE GENERAL CONCEPT OF TAXES WHICH THEY ESTABLISH; ALL OF WHICH HAS PLACED OBSTACLES BEFORE THE STATE IN THE EFFICIENT AND ADEQUATE FULFILLMENT OF ITS ESSENTIAL ATTRIBUTES.

9. CONSIDERING: THAT FOR THE ABOVE REASONS THE VITAL INTERESTS OF THE REPUBLIC REQUIRE THE DEROGATION OF THE DECREES AND OTHER DISPOSITIONS THAT APPROVE OR REVISE THE CONCESSIONS AUTHORIZED TO THE TELA RAILROAD COMPANY AND STANDARD FRUIT COMPANY,

10. FOR WHICH REASON; IN USE OF THE AUTHORITY GIVEN BY DECREE-LAW NO. 1 OF DECEMBER 6, 1975, DECREES:

11. ARTICLE 1. DEROGATE THE FOLLOWING LIST OF DECREES THAT APPROVE OR REVISE THE CONTRACTS OF THE TELA RAILROAD COMPANY: (LIST OF 12 DECREES DATING FROM 1912).

12. ARTICLE 2. DEROGATE THE FOLLOWING LIST OF DECREES THAT APPROVE OR REVISE THE CONTRACTS OF THE STANDARD FRUIT COMPANY: (LIST OF 21 DECREES DATING FROM 1903).

13. ARTICLE 3. ALSO DEROGATED ARE ALL THOSE DECREES, AGREEMENTS, REGULATIONS AND OTHER LEGAL DISPOSITIONS THAT DIRECTLY OR INDIRECTLY HAVE RELATION WITH ANY OF THE ABOVE-LISTED ARTICLES.

14. ARTICLE 4. FROM THE EFFECTIVE DATE OF THIS DECREE, THE TELA RAILROAD COMPANY AND STANDARD FRUIT COMPANY WILL OPERATE IN CONFORMITY AND SUBJECT TO CURRENT LEGISLATION.

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15. ARTICLE 5. THE PRESENT DECREE WOULD BE PUBLISHED IN THE OFFICIAL "LA GACETA" AND WILL ENTER INTO FORCE SEPTEMBER 15, 1975.

16. SIGNED BY THE CHIEF OF STATE, JUAN ALBERTO MELGAR CASTRO, THE MINISTER OF GOVERNMENT, ALONSO FLORES GUERRA, AND THE FOREIGN MINISTER, VIRGILIO R. GALVEZ MADRID. SANCHEZ

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